

205 311
LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1194
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

Attention: Office of Proceedings, AB-OFA



May 2, 2002

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

FILED

MAY 3 2002

**SURFACE
TRANSPORTATION BOARD**

Re: STB Docket No. AB-55 (Sub-No. 588X), *CSX Transportation, Inc. --
Abandonment Exemption -- in Polk and McMinn Counties, TN*

Dear Mr. Williams:

Enclosed for filing with the Board are the original and 10 copies of an Offer of Financial Assistance filed by Southeast Local Development Corporation in behalf of Old Line Coalition.

Also enclosed is a check for \$1,100 to cover the filing fee. However, as explained in the Offer, Southeast Local Development Corporation is a governmental agency, i.e., a unit of the primary government of the Chattanooga Area Regional Council of Governments and the Southeast Tennessee Development District. Although Southeast Local Development Corporation will be the nominal owner of the rail line, it will contract with a rail operator for provision of rail service over the line.

Southeast Local Development Corporation is a "state or local government entity" within the meaning of 49 C.F.R. § 1002.2(e)(1). Consequently, Southeast Local Development Corporation hereby requests waiver of the filing fee pursuant to the cited regulation, with implementation of the waiver by return of the enclosed check. Please notify the undersigned of disposition of this request for waiver of filing fee.

FEE RECEIVED

MAY 3 2002

**SURFACE
TRANSPORTATION BOARD**

TMcf:kl:enc:wp8.0\878\lstrstb1

cc: Beth Jones
Gary Hunter

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Southeast Local
Development Corporation

**ENTERED
Office of the Secretary**

MAY 3 2002

**Part of
Public Record**

BEFORE THE
SURFACE TRANSPORTATION BOARD



CSX TRANSPORTATION, INC. --) DOCKET NO. AB-55
ABANDONMENT EXEMPTION -- IN) (SUB-NO. 588X)
POLK AND McMINN COUNTIES, TN)

OFFER OF FINANCIAL ASSISTANCE

ENTERED
Office of the Secretary

MAY 3 2002

Part of
Public Record

SOUTHEAST LOCAL DEVELOPMENT CORPORATION
in behalf of OLD LINE COALITION
BETH JONES, Economic Development Director
25 Cherokee Boulevard
P.O. Box 4757
Chattanooga, TN 37405-0757
(423) 266-5781

Offeror

FILED

MAY 3 2002

SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
MAY 3 2002
SURFACE
TRANSPORTATION BOARD

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Offeror

DATE FILED: May 3, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

CSX TRANSPORTATION, INC. --)	DOCKET NO. AB-55
ABANDONMENT EXEMPTION -- IN)	(SUB-NO. 588X)
POLK AND McMINN COUNTIES, TN)	

OFFER OF FINANCIAL ASSISTANCE

Pursuant to 49 U.S.C. § 10904(c) and 49 C.F.R. § 1152.27(c)(2)(iii), SOUTHEAST LOCAL DEVELOPMENT CORPORATION (SLDC), in behalf of OLD LINE COALITION (the Coalition), hereby offers to purchase the entire 43.47-mile rail line owned by CSX TRANSPORTATION, INC. (CSXT) between Etowah and Copperhill, TN,^{1/} for \$1,100,000. The following is submitted in support of that offer.

IDENTITY OF SLDC AND THE COALITION

SLDC is a component unit of the Chattanooga Area Regional Council of Governments and the Southeast Tennessee Development District. SLDC is a Tennessee not-for-profit, general welfare corporation established primarily to help individuals and companies obtain small business financing and provide jobs in the Southeast Tennessee area. It has been determined that SLDC is part of the primary government of the Chattanooga Area Regional Council of Governments and the Southeast Tennessee Development District.

^{1/} Milepost No. OKX 339.00 in Etowah, TN to Milepost No. OKX 382.47 in Copperhill, TN.

The Coalition is an unincorporated ad hoc organization comprised of members interested in continuation of rail service on the rail line between Etowah and Copperhill, TN. The members of the Coalition are as follows:

Polk County	Tennessee Overhill Heritage Association
McMinn County	Southeast Tennessee Development District
City of Etowah	McMinn County Economic Development Authority
City of Copperhill	Etowah Area Chamber of Commerce
Polk County News	

SLDC would take title to the rail line and would contract with a competent rail operator to provide rail service over the line.

**EXPLANATION OF DISPARITY BETWEEN AMOUNT
OFFERED AND CARRIERS' ESTIMATE OF VALUE**

The amount offered by SLDC (\$1.1 million) is less than the net liquidation value (NLV) of \$1,992,377 estimated by CSXT in its Petition To Reopen Proceeding Being Held In Abeyance, dated November 9, 2001 (at 4), which CSXT orally raised to \$2.1 million at a later time. It is difficult for SLDC to explain that disparity because CSXT did not furnish an appraisal of the value of the rail line assets in support of its estimated NLV. CSXT furnished only a bottom-line estimate of NLV.

The amount offered by SLDC is based on its own estimate of NLV performed a number of months ago, as adjusted to eliminate the value of track materials within the Hiwassee Loop, which would be donated to the Forest Service of the United States Department of Agriculture in the event of abandonment (Petition to Reopen, *supra*, at 11), to virtually eliminate any value for the rail yard at Copperhill, TN because of the likelihood of environmental contamination at that location, and to adjust scrap rail values downward to reflect a recent reduction in scrap metal

prices. SLDC suspects that the primary reason for the disparity in NLV estimates is CSXT's substantial valuation of the Hiwassee Loop track materials and Copperhill Yard and the absence of value for those assets in SLDC's estimate.

FINANCIAL RESPONSIBILITY

The financial responsibility of SLDC is presumed because it is a governmental agency, i.e., a unit of the Chattanooga Area Regional Council of Governments and the Southeast Tennessee Development District. *See* 49 C.F.R. § 1152.27(c)(1)(ii)(B). Without regard to its governmental status, SLDC's most recent audited annual financial report shows that it has sufficient net assets and funding ability to pay the probable purchase price for the rail line.

THE OFFER IS FOR CONTINUED RAIL SERVICE

The Etowah-Copperhill rail line is being acquired by SLDC for the purpose of continuing rail service on that line. An on-line shipper has requested continuation of rail service. SLDC will contract with a competent rail operator to provide such rail service. The rail operator will provide service as a common carrier by rail. Such continued rail operation comports with the legislative intent of the offer-of-financial-assistance statute.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should find that SLDC is a financially responsible entity that has offered financial assistance to permit rail service to be continued on the Etowah-Copperhill

rail line. Based on that finding, the Board should postpone the effectiveness of the exemption for abandonment of that rail line pending further proceedings under 49 U.S.C. § 10904.

Respectfully submitted,

Beth Jones TM

SOUTHEAST LOCAL DEVELOPMENT CORPORATION
in behalf of OLD LINE COALITION
BETH JONES, Economic Development Director
25 Cherokee Boulevard
P.O. Box 4757
Chattanooga, TN 37405-0757
(423) 266-5781

Offeror

Thomas F. McFarland

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Offeror

DATE FILED: May 3, 2002

CERTIFICATE OF SERVICE

I hereby certify that on May 2, 2002, I served the foregoing document, Offer of Financial Assistance, by overnight mail, as follows:

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001
Attention: Office of Proceedings, AB-OFA

Natalie Rosenberg
Paul R. Hitchcock
CSX Transportation, Inc.
500 Water Street, J-150
Jacksonville, FL 32202

Peter J. Shudtz
CSX Transportation, Inc.
One James Center
Richmond, VA 23219

Thomas F. McFarland

Thomas F. McFarland